



MAYOR AND COUNCIL AGENDA

NO. 15

DEPT.: Community Planning and Development Services DATE PREPARED: 7/28/05
STAFF CONTACT: Arthur D. Chambers, AICP, Director FOR MEETING OF: 8/1/05

SUBJECT: Approval of Revised CIP sheet for a five-story Cultural Arts Building.

RECOMMENDATION: Approve the construction of a five-story Cultural Arts Building (CAB) to include retail, City-owned space (including rooftop facilities) and a business incubator; and authorize the City Manager to accept bids for necessary steel for the building.

DISCUSSION: This past year REDI approached the City about the possibility of including an incubator as part of the Cultural Arts Building (CAB). After preliminary discussion, REDI brought together local, County and State resources to fund the construction and operations of the incubator. In May the Mayor and Council tentatively agreed to add two floors to the CAB, subject to costs and funding. Information about costs and funding were to be forwarded to the Mayor and Council in July.

Since May the City, County, Maryland Economic Development Corporation (MEDCO) and REDI have been working to finalize cost estimates, funding sources, etc. Cost estimates have been prepared by Whiting Turner based upon schematic drawings. Based on those estimates, the construction (including soft costs) of a five-story building shell (no interior fit-out) would be \$9,758,242. Of that cost FRIT would pay \$794,113 for approximately 8,193 square feet of retail space, the Incubator would pay \$3,709,596 for approximately 25,500 square feet and the City would pay \$5,254,553 for approximately 32,600 square feet (this includes space on the first floor and 5,900 square feet on the roof). The costs for each of the three owners include their share of common area, i.e., loading dock, utility rooms, etc., construction costs. The above numbers do not include costs for interior fit-out.

Construction documents for a five-story building are close to being completed. It is anticipated that full, final bids will be received in mid-September. However, in order to maintain the construction schedule, shop drawings for the structural steel need to be prepared as soon as possible so the steel can be ordered to arrive by November when construction is to start. Thus, the Mayor and Council are also being requested to authorize the ordering of structural steel for the building. This is the same process used for the garage construction. Prior to construction of the entire building the Mayor and Council will need to approve an amendment to the construction contract with Whiting-Turner to include the additional two floors, roof facilities and interior fit-out. That amendment will be scheduled for Mayor and Council action in September.

The revised CIP project sheet (attachment 1) includes the cost for a five-story building plus estimates for fitting out the cultural arts space and the incubator space. Those costs will be refunded

by the Metropolitan Center for the Visual Arts (MCVAR) and MEDCO. The sheet also includes costs for the roof top facilities that would be owned and programmed by the City. The cost estimate for the roof top facilities is \$299,069.

When the building is complete it will be divided into three condominium units. The retail unit would be owned by FRIT. The cultural arts space and the roof would be owned by the City. The cultural arts space would be leased to MCVAR. The top two floors would be sold to MEDCO who would then lease it to Montgomery County Economic Development to operate a business incubator. The County and MEDCO have received a loan commitment from Mercantile Potomac Bank for \$4,600,000 and a \$1,000,000 grant from TEDCO to finance the purchase of the shell and fit out costs. See the attached letter from Bob Brennon, Executive Director of MEDCO.

Next Steps: Staff will continue working with MEDCO/Montgomery County to finalize the sales and purchase agreement. The sales and purchase agreement with FRIT also will be finalized during August. Those two agreements will come to the Mayor and Council in September for approval.

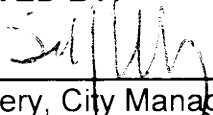
In addition, an amendment to the current public improvements contract with Whiting-Turner will be prepared to include a five-story building and fit out of the cultural arts space, the incubator space and the roof facilities. That will also come to the Mayor and Council in September. A budget amendment will be prepared to officially amend this CIP to include a five-story building will be scheduled for Mayor and Council action in September. Lastly, a use permit for a five-story building will go to the Planning Commission in August and to the Mayor and Council in September.

Part of the Mayor and Council approval of this item would include an authorization for the City Manager to accept bids for steel for a five-story building. Funds are available for the steel since the current public improvements contract with Whiting-Turner includes an allowance for a three-story building.

PREPARED BY:


Arthur D. Chambers, AICP, Director

APPROVED BY:


Scott Ullery, City Manager


DATE:

LIST OF ATTACHMENTS:

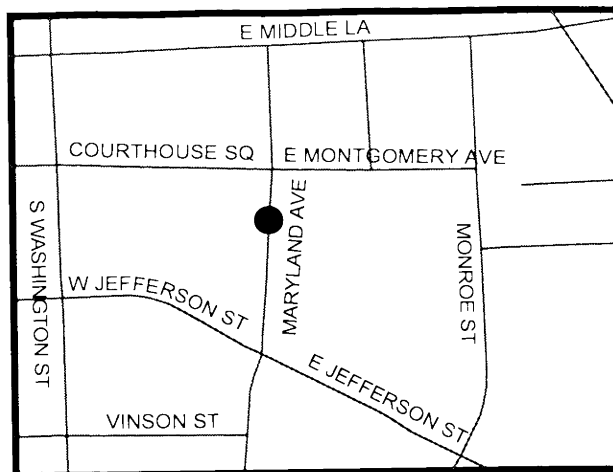
1. New CIP project sheet.
2. Current CIP project sheet.
3. Letter from Bob Brennon.

Project name: Cultural Arts Building
 Project number: 420-600-5B01
 Program area: General Government

Current appropriation (2004 - 2006): \$9,758,242
 Five-year plan (2007 - 2011): \$2,900,000
 Project total (2004 - 2011): \$12,658,242

Total prior years' budget (2004 - 2005): \$1,006,626
 Prior years' spent as of: 06/30/05 \$11,873
 Prior years' unspent as of: 06/30/05 \$994,753
 Encumbrances as of: 06/30/05 \$377,086
 Prior years' balance as of: 06/30/05 \$617,667

FY 2006 appropriation available: \$9,369,283



Appropriation:	Thru FY 2004	Estimate FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2006 - FY 2011
Plan/Design/Insp	0	348,960	165,110	0	0	0	0	0	165,110
Construction	0	657,666	8,586,506	0	0	0	0	0	8,586,506
Fit-Out	0	0	0	1,450,000	1,450,000	0	0	0	2,900,000
Total	0	1,006,626	8,751,616	1,450,000	1,450,000	0	0	0	11,651,616

Funding source:	Thru FY 2004	Estimate FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2006 - FY 2011
Capital Projects	0	1,006,626	4,247,927	0	0	0	0	0	4,247,927
Rock. Arts Place	0	0	0	750,000	750,000	0	0	0	1,500,000
Developer/Other	0	0	794,113	0	0	0	0	0	794,113
MEDCO				4,359,576	750,000				5,109,576
Total	0	1,006,626	5,042,040	5,109,576	1,500,000	0	0	0	11,651,616

Operating cost impact:

The operating cost impact of this project will add \$2,000 to the FY 2007 operating budget to fund exterior maintenance including the City's share of roofing maintenance. Metropolitan Center for the Performing Arts in Rockville (MCVAR), the Incubator and FRIT will be responsible for all costs associated with the interior construction of the new building.

Description:

The Cultural Arts Building (CAB), formerly part of the Town Square-Public Improvements project (420-0600-0A80), will have approximately 9,500 square feet of private retail on the ground floor. That cost and reimbursement is included as part of this sheet. The second floor and third floor, and approximately 1,800 square feet on the ground floor, will be owned by the City and provide a total of 27,000 square feet for use by MCVAR Inc. The City will also own approximately 5,900 square feet on the roof. MCVAR will pay for design/construction costs for interior fit-out. The Incubator will be located in approximately 25,500 square feet on the 4th and 5th floors. They will pay for design/construction of interior fit-out. The Incubator will purchase their condominium unit. Initial construction will be a "warm dark shell." Note: Prior years' appropriation in the amount of \$301,047 was shifted to FY 2005 after budget adoption. The allocation of prior year costs was not feasible.

Schedule:

FY 2005 — Begin design. FY 2006 — Finish designing and begin construction. FY 2007 — Complete construction and begin fit-out. FY 2008 — Complete fit-out.

Status:

Design. This project first appeared in the CIP in FY 2005. This project was formerly part of the Town Square — Public Improvements (Project 420-600-0A80). NOTE: The project cost has increased due to construction cost increase and the transfer of \$657,666 from the Public Improvements project for site preparation and general conditions. Updated construction cost estimates based on latest design are expected to be available by late June 2005. Fit-out costs for MCVAR and the Incubator are also included.

Coordination:

Town Center Action Team; Development Review Committee; Town Center Master Plan; Civic Associations; Cultural Arts Commission; Local Art Groups; Town Square — Public Improvements, MCVAR, MEDCO, Montgomery County Economic Development, and REDI.

Staff contact:

Department of Community Planning and Development Services (CPDS). Art Chambers, Director of CPDS, 240-314-8202.
 Department of Recreation and Parks (R&P). Burt Hall, Director of R&P, 240-314-8602.

Revised: 7/28/2005

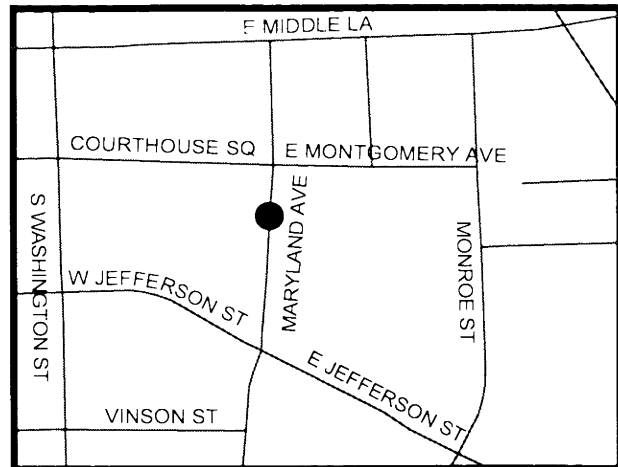
Attachment 2

Project name: Cultural Arts Building
Project number: 420-600-5B01
Program area: General Government

Current appropriation (2004 - 2006): \$6,471,534
Five-year plan (2007 - 2011): \$1,500,000
Project total (2004 - 2011): \$7,971,534

Total prior years' budget (2004 - 2005): \$1,006,626
Prior years' spent as of: 06/30/05 \$11,873
Prior years' unspent as of: 06/30/05 \$994,753
Encumbrances as of: 06/30/05 \$377,086
Prior years' balance as of: 06/30/05 \$617,667

FY 2006 appropriation available: \$6,082,575



Appropriation:	Thru FY 2004	Estimate FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2006 - FY 2011
Plan/Design/Insp	0	348,960	0	0	0	0	0	0	0
Construction	0	657,666	5,464,908	0	0	0	0	0	5,464,908
Fit-Out	0	0	0	750,000	750,000	0	0	0	1,500,000
Total	0	1,006,626	5,464,908	750,000	750,000	0	0	0	6,964,908

Funding source:	Thru FY 2004	Estimate FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2006 - FY 2011
Capital Projects	0	1,006,626	3,918,940	0	0	0	0	0	3,918,940
Rock. Arts Place	0	0	0	750,000	750,000	0	0	0	1,500,000
Developer/Other	0	0	1,545,968	0	0	0	0	0	1,545,968
Total	0	1,006,626	5,464,908	750,000	750,000	0	0	0	6,964,908

Operating cost impact:

The operating cost impact of this project will add \$2,000 to the FY 2007 operating budget to fund exterior maintenance including the City's share of roofing maintenance. Rockville Arts Place (RAP) and FRIT will be responsible for all costs associated with the interior of the new building.

Description:

The Cultural Arts Building (CAB), formerly part of the Town Square-Public Improvements project (420-0600-0A80), will have approximately 9,500 square feet of private retail on the ground floor. That cost and reimbursement is included as part of this sheet. The second and third floors, along with approximately 1,800 square feet on the ground floor, will be owned by the City and provide a total of 27,000 square feet for use by RAP, Inc. RAP will pay for design/construction costs for interior build-out of these spaces. Initial construction will be a "warm dark shell." After the building is complete, the fitting-out costs will be funded by RAP. Note: Prior years' appropriation in the amount of \$301,047 was shifted to FY 2005 after budget adoption. The allocation of prior year costs was not feasible. Adding fourth and fifth floors for incubator business is under serious consideration. Once funding has been determined, an amendment to the CIP to include the additional cost and reimbursement will be needed.

Schedule:

FY 2005 — Begin design. FY 2006 — Finish desing and begin construction. FY 2007 — Complete construction and begin fit-out. FY 2008 — Complete fit-out.

Status:

Design. This project first appeared in the CIP in FY 2005. This project was formerly part of the Town Square — Public Improvements (Project 420-600-0A80). NOTE: The project cost has increased due to construction cost increase and the transfer of \$657,666

Coordination:

Town Center Action Team; Development Review Committee; Town Center Master Plan; Civic Associations; Cultural Arts Commission; Local Art Groups; Town Square — Public Improvements, Federal Government and RAP.

Staff contact:

Department of Community Planning and Development Services (CPDS). Art Chambers, Director of CPDS, 240-314-8202. Revised: 7/28/2005
 Department of Recreation and Parks (R&P). Burt Hall, Director of R&P, 240-314-8602.

Letter from Bob Brennon will be distributed Monday evening
at Mayor and Council meeting.